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## Italy

## Tomatoes and Products

## Update

## 2004

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**Report Highlights:**

Italian production of tomato for processing is lower than previously forecasted because of heavy rains during the transplantation phase, hail storms and phytosanitary problems. New country laws are introducing stricter product definition for processed tomato product referred to as "passata" in an attempt to reduce fraud and limit competition with imports from China. The reform of the EU regime in 2005 is another major concern for the Italian tomato industry.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Rome [IT1]  
[IT]

## Revised forecasts for 2004/05 production of processed tomato

Italian production of tomato for processing in MY 2004/05 was expected to increase 11% vis-à-vis the previous campaign thanks to increased acreage and favorable climatic conditions in the spring season (see IT4011).

According to a recent (July 2, 2004) joint announcement by the major producers' organizations (Unaproa and Uiapoa) *"bad weather conditions have made fruitless the 6.2% increase in planted acreage and the 2004 processed production will be about the same as last year's."* The following table shows the trend for harvested area and production in the last four campaigns, as well as a comparison between the old and the new forecast.

Year	Area Harvested (ha)	Processed prod. (000MT)
2001	69,629	4,815
2002	68,827	4,325
2003	81,078	5,266
<b>2004 Prev. forecast</b>	<b>89,000</b>	<b>5,800</b>
<b>2004 New forecast</b>	<b>88,492</b>	<b>5,350</b>

Source: USDA and Unaproa

There are a number of reasons for the revision of the forecast. In northern regions (production of round varieties for paste and sauce production) heavy rain coincided with the transplantation period slowing down farm operations and creating difficulties in accessing the fields. In some northern areas, hail storms in the month of June damaged about 7,000 ha of plantations and forced producers to accept yield losses, to replant or to switch to other crops.

In southern regions (mainly production of long varieties for canning) unusual spring rains caused serious phytosanitary problems.

## New product definitions and labeling rules

The Italian Government adopted in June a proposed regulation that sets stricter rules on labeling of tomato products. The proposed regulation has to be converted into law by the Parliament within 60 days from the adoption (i.e. by August 24). It sets a legal definition for what is generally referred in Italian as "passata di pomodoro". Such definition is now lacking at EU and at country level.

As already described in IT4011, passata is skinned, seedless, unflavored, uncooked tomato pulp, either slightly chunky or smooth. Up until now the passata has been produced either by direct processing of fresh tomato or by mixing dehydrated tomato paste and tomato sauce. According to the new Italian definition only the product deriving from the processing of fresh tomatoes can be labeled as "passata di pomodoro".

Authorized production methods (e.g. partial concentration), further product characteristics (e.g. TSS) and compliance controls for the passata will be ruled by the Italian Government before definitive approval of the proposed regulation by the Parliament.

### Chinese imports and EU Common Market Organization

The new proposed rules described in the previous paragraph are largely the result of the concern of Italian farmers' and tomato processors' associations for increasing imports of tomato paste from China at very low prices.

Much of the product imported from China is imported under a temporary import regime (at a zero duty) for being re-processed and then re-exported to third countries. Italian producers suspect that some processing plants could use the Chinese paste as ingredient for products that are then marketed as "made in Italy" - instead of being re-exported as required for the duty reduction.

Italian tomato producers fear that the recent acquisition of the French tomato plant "Le Cabanon" by the Chinese group Chalkis may increase (by as much as three times) imports of Chinese tomato products into the EU, thereby intensifying price competition on the European markets. AIIPA, one of the two main associations of tomato processors, called for the introduction of import quotas on processed tomatoes from third countries or *"any other measure that could cap volumes that are imported at zero duty."*

Another major concern for the Italian tomato industry is the next reform of the EU Common Market Organization (CMO), since the current regime is due to expire in 2005. Processors fear that an eventual decoupling of payments from production would result in a sharp decrease of delivered volumes. The alternatives proposed to full decoupling are: a) to maintain the current CMO for a period of three years after 2005; b) a partial decoupling of payments, with a large share of them still linked to processing.

### Related reports

Code	Title	Date
IT4011	Italy - Tomatoes and Products – Annual 2004	5/28/2004